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[Information on the Summer Youth Employment Program].
HRD-77-121; B-163922. June 27, 1977. 3 pp. + enclosure (22 pp.).

Report to Rep. Parren J. Mitchell, Chairman, Human Resources Task Force, House Committee on Budget; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Education, Training, and Employment Programs (1100).
Contact: Human Resources Div.
Budget Function: Education, Manpower, and Social Services: Training and Employment (504).
Organization Concerned: Department of Labor.
Congressional Relevance: House Committee on Budget.
Authority: Comprehensive Employment and Training Act of 1973, title III, as amended (29 U.S.C. 874). Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701). Community Services Act of 1974 (42 U.S.C. 2701).

The objective of the summer program for economically disadvantaged youth is to provide work experience to economically disadvantaged youth through jobs during the summer months to enhance their future employability.
Findings/Conclusions: The Department of Labor has no information on social benefits which may relate to the summer employment of youth nor on the long-term economic benefits which may result from the program. Labor has not yet been able to make a cost effectiveness evaluation of the summer program. Part of the difficulty in such an evaluation is in isolating summer program participation from other participant activity, such as: the youth in-school programs. Previous GAO reports on reviews of the summer youth employment program have identified a number of operational problems, including ineligible participants, lack of information on enrollees in the program, and weaknesses in program monitoring. Recommendations: The Secretary of Labor should: (1) provide written guidance to prime sponsors on specific items of information to be included on applications used for summer youth employment programs, as well as requiring certification by the head of the applicant's household to the information; and (2) insure that prime sponsors hire in their title III summer youth programs only persons determined to be eligible, based on adequately completed applications, and maintain appropriate files on all summer program participants.
(Author/SC)

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**UNITED STATES
GENERAL ACCOUNTING OFFICE**

**Information On The Summer
Youth Employment Program**

Department of Labor

This report contains information on the summer program for economically disadvantaged youth in the following categories:

- Analysis of program funding;
- Social and economic benefits;
- Problems identified in previous GAO reports; and
- Management and operational weaknesses.



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

IN REPLY
REFER TO:

B-163922

The Honorable Parren J. Mitchell, Chairman
Human Resources Task Force
Committee on the Budget
House of Representatives

Dear Mr. Chairman:

Reference is made to your letter dated December 7, 1976, asking us to look into certain questions pertaining to the summer program for economically disadvantaged youth, authorized under title III of the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 874), and funded by the Department of Labor.

In accordance with arrangements made with you, we have collected readily available information on the program which is presented in the enclosure. This information is presented in the following categories along with our independent analysis, where appropriate, in relation to the 13 prime sponsors cited in your letter:

- Analysis of program funding, which details funding for fiscal years 1975, 1976 and 1977, regional and racial targeting of program funds and the estimated costs of program expansion at different operating levels.
- Social and economic benefits, which discusses the absence of definitive information in Labor on social and economic benefits resulting from the summer youth employment program and the lack of cost-effectiveness evaluations of the program.
- Problems identified in previous GAO reports, which summarizes findings on enrollee eligibility, selection, payroll procedures and related matters discussed in detail in six GAO reports on reviews of summer youth program activities.

HRD-77-121

The fourth category--Management and Operational Weaknesses-- highlights weakness we found during survey work in Pennsylvania on the 1975 and 1976 summer youth programs. The prime sponsors we visited used application forms for their 1975 summer programs that in one or more cases

- did not require sufficient information for determining eligibility for the title III program,
- did not require certain personal characteristics, such as ethnic group, needed to complete Labor's required report of participant characteristics,
- requested information that could lead to allegations of political patronage or discrimination and favoritism in hiring,
- did not provide a penalty for false or misleading information, and
- did not require information to permit administration of Labor regulations prohibiting nepotism in hiring.

Improvements for 1976 were minimal. Also, our tests of enrollee files for both years showed that applications were inadequately completed or the files were missing so that some determinations of participant eligibility for the title III summer program could not be made.

While our findings resulted from survey work done in Pennsylvania, we believe they are likely to occur elsewhere in summer youth program operations. Our recommendations are designed to alleviate their causes.

We are recommending that the Secretary of Labor (1) provide written guidance to prime sponsors on specific items of information to be included on applications used for summer youth employment programs as well as requiring certification by the head of the applicant's household to the information and (2) insure that prime sponsors (a) hire in their title III summer youth programs only persons determined to be eligible based on adequately completed applications and (b) maintain appropriate files on all summer program participants.

At the request of your office, we did not follow our normal practice of obtaining agency comments on this report. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until three days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

We trust this report serves your purpose.

Sincerely yours,


Gregory J. Ahart
Director

Enclosure

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INFORMATION ON THE
SUMMER YOUTH EMPLOYMENT PROGRAM

A. ANALYSIS OF PROGRAM FUNDING

The Summer Program for Economically Disadvantaged Youth is authorized by section 304(a)(3) of the Comprehensive Employment and Training Act of 1973, as amended (CETA) to provide jobs during the summer months to economically disadvantaged youth. The age criteria for participation is 14 through 21 and the program provides youth with work experience in community and public services.

Prior to the enactment of CETA, the summer youth employment program was operated as one component of the Neighborhood Youth Corps (NYC) program authorized by the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701). The main purpose of the NYC summer program at that time was to assist high school age low-income youth to remain in school by providing them with earnings from summer employment. Responsibility to carry out the program was delegated from the Office of Economic Opportunity to the Department of Labor in 1964.

After CETA was enacted, the name NYC was dropped and the program became known as the summer youth employment program. Its primary purpose became one of providing work experience to economically disadvantaged youth during the summer months to enhance their future employability.

Funding for the 1975 summer youth program was about \$473 million. Of this amount, the Department of Labor allocated about \$448.2 million to about 430 prime sponsors (generally State and local governments or combinations of local governments called consortia) based on the fund allocation formula contained in title I of CETA. About \$8.1 million was also distributed to Indian organizations and to the Virgin Islands, American Samoa, Guam and the Trust Territory of the Pacific Islands.

The remaining \$17 million was transferred to the Community Services Administration to conduct the summer recreation and transportation programs which provide athletic equipment, tickets to sports and cultural events and field trips to outdoor recreational areas primarily for economically disadvantaged youth ages 8 through 13. The Community Services Act of 1974 (42 U.S.C. 2701) placed authority for such programs with the Community Services Administration from January 4, 1975.

Funding for the 1976 summer youth program was about \$528.4 million of which Labor allocated about \$518.7 million to prime sponsors by formula and distributed the balance to Indian organizations and U.S. territories.

Funding for the 1977 summer youth program is over \$618 million, comprised of \$595 million appropriated by the Congress and about \$23 million in unspent funds from the 1976 summer program. Labor allocated about \$607.4 million to prime sponsors by formula and distributed the balance to Indian organizations and U.S. territories.

Regional targeting

The formula Labor uses to allocate summer youth program funds to each prime sponsor provides that the amount of each grant will consist of (1) 50 percent based on the prior year allocation, (2) 37-1/2 percent based on the ratio of the annual average number of unemployed persons in the sponsor's area the previous year to the total annual average number of unemployed persons in the U.S. for that year, (3) 12-1/2 percent based on the ratio of the number of adults in low income families in the sponsor's area to the total number of such adults in the U.S. and (4) adjustments with available funds to assure that no prime sponsor area receives less employment opportunities than were provided the previous year.

Our calculations show that for summer youth programs in 1975, 1976 and 1977 (see tables 1, 2 and 3, respectively), the 13 prime sponsors on which our analysis was requested represent about 3 percent of all prime sponsors. In total, these prime sponsors received over 30 percent of funds allocated to all prime sponsors in the States in which they are located. As proportions of prime sponsor allocations made in the respective States, San Francisco was lowest and Chicago was highest in each of the three years. The following tables present other information concerning fund totals by State and region.

Table 1
1975 Summer Program for Economically Disadvantaged Youth
Selected Fund Allocations (note a)

Number	Labor region		Percent of total	State		Percent of region	Prime sponsor (note b)		Percent of State
	Allocation			Name	Allocation		Name	Allocation	
II	\$ 65,435,825		16.5	New York	\$ 39,870,636	60.9	New York City	\$ 26,579,520	66.7
III	49,359,091		12.5	Maryland Pennsylvania	6,628,454 20,542,395	13.4 41.6	Baltimore Philadelphia Washington, D. C.	4,732,825 4,687,214 7,128,018	71.4 22.8
IV	75,744,218		19.1	Georgia Tennessee	10,043,405 9,494,432	13.3 12.5	Atlanta Memphis	1,618,153 1,631,728	16.1 17.2
V	86,248,089		21.8	Illinois Ohio Michigan	27,658,466 18,917,185 16,737,398	32.1 21.9 19.5	Chicago Cleveland Detroit	20,862,770 5,493,574 5,584,257	75.4 29.0 33.2
VI	46,304,145		11.7	Texas	23,330,717	50.4	Houston	2,508,680	10.8
VII	20,450,081		5.2	Missouri	10,405,590	50.9	St. Louis	3,052,227	29.3
IX	52,070,319		13.2	California	44,375,404	85.2	Los Angeles San Francisco	7,972,390 2,458,724	18.0 5.5
Total	\$395,611,768		88.3		\$228,063,986	57.6		\$94,310,080	41.4

Formula allocation to all regions \$448,218,567 (note c)

a/ Fund amounts obtained from Department of Labor. Percentage calculations and totals prepared by GAO.

b/ The names shown represent the units of local government that received a title III summer program grant. Baltimore, Memphis and Cleveland are the largest units of local government in the consortia to which grants were made. Although defined as a "State" in Labor's regulations, Washington, D.C. is listed as a prime sponsor because its prime sponsor/State geographic boundaries are the same and only one grant was made.

c/ Excludes \$8,131,433 distributed to Indian tribes and U.S. territories not allocated by formula and \$17 million transferred to the Community Services Administration for summer recreation and transportation programs. Total funds appropriated were \$473,350,000.

Table 2
1976 Summer Program for Economically Disadvantaged Youth
Selected Fund Allocations (note a)

Number	Labor region		Percent of Total	Name	State		Percent of region	Name	Prime sponsor (note b)		Percent of State
	Allocation				Allocation				Allocation		
II	\$ 75,165,114	16.5	New York	New York	\$ 45,354,802	60.3	New York City	\$ 29,124,868		64.2	
III	56,304,662	12.3	Maryland Pennsylvania	Maryland	7,656,515	13.6	Baltimore	5,281,853		69.0	
				Pennsylvania	23,653,805	42.0	Philadelphia	5,136,078		21.7	
IV	86,542,189	19.0	Georgia Tennessee	Georgia	11,631,141	13.4	Atlanta	1,773,113		15.2	
				Tennessee	11,036,142	12.8	Memphis	1,830,234		16.6	
V	100,434,939	22.0	Illinois Ohio Michigan	Illinois	31,282,352	31.1	Chicago	22,860,662		73.1	
				Ohio	22,038,364	21.9	Cleveland	6,118,429		27.8	
				Michigan	20,304,521	20.2	Detroit	6,159,485		30.3	
VI	52,526,383	11.5	Texas	Texas	26,708,548	50.8	Houston	2,879,226		10.8	
VII	22,447,926	5.1	Missouri	Missouri	11,833,446	50.5	St. Louis	3,344,519		28.3	
IX	61,767,400	13.5	California	California	52,768,554	85.4	Los Angeles	9,051,206		17.2	
Total	\$456,188,613	88.0			\$264,269,190	57.9	San Francisco	2,764,390		5.2	
								\$104,134,685		39.4	

Formula allocation to all regions \$516,657,518 (note c)

a/ Fund amounts obtained from Department of Labor. Percentage calculations and totals prepared by GAO.

b/ The names shown represent the units of local government that received a title III summer program grant. Baltimore, Memphis and Cleveland are the largest units of local government in the consortia to which grants were made. Although defined as a "State" in Labor's regulations, Washington, D.C. is listed as a prime sponsor because its prime sponsor/State geographic boundaries are the same and only one grant was made.

c/ Excludes \$9,762,482 distributed to Indian tribes and J.S. territories not allocated by formula. Total funds appropriated were \$528,420,000. Also excluded a special allocation of \$35 million made from the Secretary's discretionary funds under title I in June 1976 to 45 cities with more than 150,000 population having unemployment rates of 9 percent or more during calendar year 1975. This allocation included all cities listed except Memphis, Houston and Washington, D.C.

Table 3
1977 Summer Program for Economically Disadvantaged Youth
Selected Fund Allocations (note a)

Number	Labor region		State		Name	Allocation	Percent of region	Prime sponsor (note b)		Percent of State
	Allocation	Percent of total	Allocation	Percent of region				Name	Allocation	
II	\$ 86,368,236	16.2	New York	\$ 51,038,078	New York City	\$ 29,196,065	59.1			57.2
III	64,497,754	12.1	Maryland Pennsylvania	8,929,965 28,590,209	Baltimore Philadelphia Washington, D.C.	5,825,647 5,550,384 7,810,622	13.8 44.3			65.2 19.4
IV	102,955,830	19.3	Georgia Tennessee	14,260,154 12,923,378	Atlanta Memphis	2,164,863 2,050,275	13.9 12.6			15.2 15.9
V	21,555,693	22.8	Illinois Ohio Michigan	34,044,002 27,644,784 22,544,592	Chicago Cleveland Detroit	22,850,662 5,788,265 6,600,894	28.5 22.7 22.1			65.9 20.9 24.8
VI	57,591,923	10.8	Texas	29,417,221	Houston	3,134,432	51.1			10.7
VII	27,261,390	5.1	Missouri	13,608,457	St. Louis	3,344,519	49.9			24.6
IX	73,373,808	13.8	California	63,035,276	Los Angeles San Francisco	10,365,884 3,136,245	85.9			16.4 5.0
Total	\$233,604,634	87.4		\$210,996,116		\$107,894,797	58.3			34.7

Formula allocation to all regions \$607,416,680 (note c)

a/ Fund amounts obtained from Labor. Percentage calculations and totals prepared by GAO.

b/ The names shown represent the units of local government that received a title III summer program grant. Baltimore, Memphis and Cleveland are the largest units of local government in the consortia to which grants were made. Although defined as a "State" in Labor's regulations, Washington, D.C. is listed as a prime sponsor because its prime sponsor/State geographic boundaries are the same and only one grant was made.

c/ Excludes \$10,863,214 distributed to Indian tribes and U.S. territories not allocated by formula. Total funds available are \$595 million appropriated and \$23,279,894 in unspent funds from the 1976 summer program for a total of \$618,279,584.

Racial targeting

In operating the summer youth employment program, prime sponsors take applications and select participants from among those who meet the age and family income eligibility criteria. Labor has not established racial goals for the prime sponsors.

Based on participant characteristics compiled by Labor, there has been a change in the proportion of racial groups served from the 1975 to the 1976 summer youth employment program. Those served in 1975 were 52 percent white with 48 percent from other races, including 43 percent black. Those served in 1976 were 40 percent white with 60 percent from other races, including 51 percent black. Unemployment rates published by the Bureau of Labor Statistics for ages 16 through 19 are shown in the following table. Unemployment rates for ages 14 and 15 as well as 20 and 21 are not available.

	<u>Unemployment rates</u>	
	<u>Black and other races</u>	<u>White</u>
September 1975	37.2	17.4
September 1976	38.5	16.5
May 1977	38.7	15.7

Estimates of inner city unemployment of black youth exceed 50 percent.

Costs of program expansion

Funds appropriated for the 1977 summer youth program were \$595 million for an estimated 1 million job opportunities or about \$595 for each job. Assuming that all summer program participants are paid the current minimum hourly wage of \$2.30, additional summer jobs could be projected to cost \$595 each. Accordingly, a summer youth program for 2 million jobs would cost about \$1.2 billion and one for 3 million jobs would cost about \$1.8 billion. A change in the minimum wage would change the cost projection. Estimates of the number of unemployed youth and young adults exceed 3 million, including those ages 16 through 24. No reliable estimates are available on the number of youth ages 14 and 15 who are looking for part-time work.

B. SOCIAL AND ECONOMIC BENEFITS

The objective of the summer youth program is to provide work experience to economically disadvantaged youth through jobs during the summer months to enhance their future employability. The primary purpose of work experience is to provide participants with exposure to the world of work and to develop good work habits such as timely and faithful attendance and learning to work with others.

Social benefits

Labor has no information on social benefits which may relate to summer employment of youth. Although program sponsors are encouraged to place participants in activities which contribute to community betterment and enhancing public services, Labor does not require such action and has not established a requirement for nor a system of reporting social benefits.

Economic benefits

While there is little doubt that the wages earned provide a summer program participant with short-term spending power, Labor has no current information on long-term economic benefits which may result from the summer youth employment program. The Department has in process a longitudinal survey which is tracking a national sample of participants in the major CETA programs (titles I, II, VI and summer youth) to determine program impact on participants, particularly on their post-program employment and earnings, for up to 3 years after enrollment and comparing participants' experience with that of a control group of nonparticipants during the same period. Initial short-term post-program results are expected in late 1977.

Labor officials told us that they plan to question summer program enrollees 9 months after completing the program to ascertain the status of public assistance benefits being received by the individual and/or family group, as appropriate. They said that this data should reflect part of the economic benefits, if any, from program participation.

Cost effectiveness

Labor has so far not been able to make a cost effectiveness evaluation of the summer program. One Labor official told us that part of the difficulty is in isolating summer program participation from other participant activity (many summer enrollees come from youth in-school programs to the summer program, carrying on the same activity in each, and return to the in-school program when the summer program concludes). He also said another problem is, with respect to program costs, the inability to establish a value of social payoff in the market place: the \$2.30 hourly wage paid to a participant cannot be directly measured in a \$2.30 social benefit because there is no practical way to cost out social benefits. This official believes, however, that the inability of evaluations to measure social and economic benefits or cost effectiveness of the summer program is largely due to the limitations of the measurement devices themselves and that better techniques will be available in the future.

C. PROBLEMS IDENTIFIED IN PREVIOUS GAO REPORTS

GAO reports on reviews of the summer youth employment program have identified a number of operational problems. These reports are identified below along with highlights of the findings and our recommendations for corrective action.

1. Report to Senate Committee on Appropriations:

Federal Manpower Training Programs
 --GAO Conclusions and Observations
 B-146879, February 17, 1972

This report consolidated findings GAO reported to the Congress in eight reports issued between January 1969 and January 1972 on reviews of various manpower programs including the Neighborhood Youth Corps (NYC), predecessor to the CETA title III summer youth program.

The main purpose of the NYC in-school and summer components was to assist youths from low-income families to remain in high school until graduation by providing them with earnings from part-time employment; a collateral but secondary purpose was to provide the youths with on-the-job training and useful work experience and thereby enhance their later chances for employment.

We noted that work assignments given to enrollees were almost entirely directed to providing them work experience and good work habits, as distinguished from training them in particular job skills, and that the value of such work experience to them appeared to be worthwhile for the most part. Labor and program sponsors had broadly presumed that work experience is beneficial to youths generally and that it enhances their future employment potential.

These components were relatively ineffective in reducing dropouts among high school students at a number of locations we visited. This seemed to result because, given the complex nature of the dropout problems and the variety of social and personal factors causing students to dropout, the NYC program concept involved too simplistic an approach to bring about any dramatic results.

We recommended that the Congress consider redefining and clarifying the purpose and intended objectives of the components and establishing specific and realistic program goals.

The problem of ineligible participants was also noted. Enrollment of ineligible youths seemed to result primarily from laxity of program sponsors to adhere to eligibility

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criteria. Also, in many instances the sponsors' files did not contain sufficient information for us to ascertain whether enrollees were eligible.

We recommended that Labor emphasize to program operators the importance of proper selective screening to determine eligible program enrollees.

Many of the weaknesses we found in program administration could have been corrected earlier or prevented through more effective monitoring by Labor field representatives. Few onsite reviews of sponsor operations had been made; those that had been made generally consisted of inquiries into administrative details rather than analyses of the sponsors' effectiveness in meeting program objectives.

We recommended that Labor provide more effective program monitoring.

Our review of payroll procedures at a number of program locations showed that, at each, one or more of the functional steps that make up the system of internal control either were not being taken or were being taken in a manner that did not provide reasonable safeguards against payroll irregularities or other forms of unauthorized expenditures. We recommended that Labor improve internal controls concerning payroll data.

We also observed that NYC as well as other manpower programs dealt with such intangible concepts as the social levels of disadvantaged persons and were subject to conditions which were not amenable to reliable, and in some cases not amenable to any, quantitative measurement. Criteria were lacking by which to determine at what level of accomplishment a program was considered successful. The large volume and variety of data necessary to ascertain program results either was not available or was not reliable. Program accomplishments might not be fully perceptible within a relatively short time frame. Other Federal and non-Federal programs aimed at helping the poor and changes in local conditions, such as declining labor demands due to economic conditions, wage scales, and local attitudes, had their effect upon the same persons who had received assistance under the manpower programs.

We concluded that because subjective judgment will continue to be a significant part of program direction and evaluation, determining the degree of program success will be a difficult task, and the results of such determinations will tend to cause some controversy. We believed, however, that evaluations, despite their potentially limited capabilities, would be of value to program decisionmakers and should continue to be made.

2. Report to the Secretary of Labor:

**Effectiveness And Management Of The Neighborhood
Youth Corps Summer Program In The Washington
Metropolitan Area
B-130515, May 31, 1972**

This report covered reviews of (1) the 1970 summer program to see whether a Labor redesign of NYC to reduce school dropout rates, based on a series of previous GAO reports to the Congress on NYC, had improved program effectiveness and (2) the 1971 summer program to determine whether actions had been taken to improve the deficiencies we had noted in the 1970 program, covering problems in enrollee eligibility, selection, work experience and supportive services reported to Labor in April 1971.

We found that the dropout situation had not improved in either year. Youths enrolled in the Washington metropolitan area summer program dropped out of school at about the same rate as those who were eligible for the program but who were not enrolled. The goal of the 1970 summer program was to encourage low-income potential dropouts to return to school in the fall. However, consideration was not given to a youth's dropout potential in determining his eligibility for enrollment in the summer program in either 1970 or 1971. Many enrollees did not exhibit characteristics indicative of potential dropouts.

In October 1971, Labor told us that it planned to reassess the dropout-potential aspects of the eligibility criteria with a view to improving selection of eligible youths and that it would try to get program sponsors to follow prescribed eligibility criteria. Labor also planned to look into ways to establish closer communication between sponsors and school counselors to identify youths who most needed the summer program.

Many enrollees in the 1970 and 1971 summer programs did not meet NYC income eligibility requirements, or their eligibility could not be determined because program records did not contain enough information. Labor needed to emphasize to responsible local agencies that youths enrolled in future summer programs should meet income eligibility requirements and that adequate records on the incomes of enrollees' families should be kept.

Labor has recognized the importance of providing meaningful work experience under the summer program. At most of the work stations we visited in 1970 and some of those visited in 1971, enrollees appeared to have been provided with useful work experience and adequate supervision. At some work stations, however, enrollees did not have meaningful jobs and were inadequately supervised.

Because a large number of youths participated in the short-term summer program, it might have been difficult for Labor or the sponsor to develop the full range of work stations needed to ensure that each enrollee received a meaningful job assignment which would broaden the enrollee's experience and introduce him to possible careers or skills useful in obtaining post-high school employment.

Because of the importance of this aspect of the program, Labor should have increased its efforts to ensure that all work stations were designed to provide reasonable amounts of meaningful work and adequate supervision for the enrollees.

Although remedial education was intended to be an important part of the summer program, it was not sufficiently emphasized by the sponsor of the NYC program in the Washington metropolitan area. Remedial education activities could have been made more effective if school guidance counselors were requested to identify enrollees needing this type of assistance.

We recommended that Labor:

- Reemphasize to the sponsors the importance of enrollees' meeting Labor's income eligibility requirements, as well as the criteria for identifying potential dropouts.
- Continue to assist the sponsor in developing work stations which provide meaningful work experience and necessary supervision so that the program will serve to promote good work habits.
- Expand its efforts to obtain the cooperation of schools in identifying the remedial education needs of the NYC enrollees, take steps to ensure that enrollees who would benefit from such education are offered the opportunity to receive it, and emphasize to the sponsor and subsponsors the objectives of the remedial education program in order to increase their acceptance and support of this element of the NYC program.

3. Report to Congressman Louis B. Stokes:

Cleveland Summer Youth Employment Programs
B-163922, February 25, 1974

After receiving complaints about the way Cleveland's 1973 NYC and Emergency Employment Act summer youth employment programs were handled, Congressman Stokes requested that we review the programs. This report covered the problems we found primarily in the NYC summer program.

In previous years, the city's board of education had fully sponsored summer youth programs. In 1973, Cleveland subcontracted only about one-third of the summer program to the board and instituted its own program for the remainder. We found that administratively, Cleveland was not prepared to handle a program which required thousands of youths to be employed and placed on job sites within a relatively short period and, as a result, it encountered many difficulties.

The city had enrolled ineligible youths who were either too young or from families whose incomes exceeded poverty levels, apparently because some personnel were not familiar with the eligibility criteria.

The city's system for reporting time worked and computing payrolls was adequate but was not properly implemented. As a result, some youths were not paid; others were paid incorrectly or late. Problems occurred because supervisors were inexperienced, timesheets were lost, and some payments were based on estimated hours worked. Also, the city issued checks to some youths who worked for and were paid by the board of education; these youths had applied for both the city's and the board's programs but the board had hired them. Cleveland was aware of this problem and cited it as one of the reasons youths were not paid promptly while the problem was being resolved.

The board also had payroll problems; although paid on time, youths were often paid incorrect amounts. This problem would not have occurred if additional verification of hours worked each day had been made and timesheet entries had been reviewed for consistency.

Cleveland was able to provide youths with useful work experience when adequate supervision was available. Because of its inexperience in running a program of this size (11,000 youths employed), the city did not develop the full range of work sites necessary to give each youth a meaningful job assignment with adequate supervision.

4. Report to Senator Lawton Chiles, Chairman
Subcommittee on the District of Columbia
Senate Committee on Appropriations:

Administrative And Financial Management
Weaknesses In The Office Of Youth Opportunity
Services
B-118638, GGD-76-92, August 5, 1976

This report covered financial management weaknesses in the District of Columbia's agency responsible for operating CETA title III summer youth employment programs, on which GAO testimony before the Subcommittee had been given in February 1976, and the Office director's statement issued in response to our testimony along with our analysis of his statement. The data was provided to place the issues in perspective and to emphasize the need for the District to take immediate steps to correct its seriously deficient financial management.

Financial management must be effective to insure that the youths selected are eligible and the funds are controlled, which will insure that funds are spent in accordance with prescribed laws, policies, regulations, and procedures. We found the Office of Youth Opportunity Services failed to do this by

- knowingly accepting about 3,000 ineligible youths, some of whom came from families whose annual incomes averaged about \$17,000, into the 1974 summer employment program and charging the \$1.3 million expended for these nondisadvantaged youth to 1974 program funds;
- holding thousands of unclaimed paychecks, amounting to about half a million dollars, for extended periods (in some cases for 2 1/2 years and related to the 1973, 1974 and 1975 summer programs) instead of returning them to central accounting for cancellation;
- not maintaining orderly files to permit verification of the propriety of payments to youths in the program (personnel action forms and time and attendance records were not logically stored in a warehouse; many District agencies' records were commingled); and
- paying several youths for more hours than they actually worked. Time and attendance forms for the 1973 summer program were altered, without the worksite supervisors' knowledge, to allow such payments.

Because the Office reports to the Mayor, we recommended that the Mayor establish an effective financial management system for Office activities that will insure that, among other things:

- accurate time and attendance reports be prepared and properly certified to insure that persons are paid only for hours worked;
- only eligible youths be enrolled in the summer youth employment program; and

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--accurate and properly prepared documents be maintained and appropriately filed to support all payments.

5. Report to Congressman Fred Richmond:

Payment Problems In The Summer Youth
Employment Program In New York City
B-163922, HRD-77-18, February 2, 1977

This report covered our review, at Congressman Richmond's request, of expenditures of Federal funds for the 1975 summer youth employment program in New York City. He requested (1) a review of alleged underpayments and nonpayments to program participants and (2) the causes for any payment problems. The payroll records of 124 enrollees in his district, who claimed moneys were due them, were reviewed.

In addition to payment problems for some of these 124 enrollees, there was evidence that payment problems were city-wide; some enrollees were not paid at all, some were underpaid, and others were not paid on time. Enrollees were not always paid on schedule for work done because checks were not prepared. Frequently, payment problems were due to deficiencies emanating from agencies responsible for the program; for example, no timecards prepared, late timecards, errors on timecards, and improper registrations.

Reasons for payment problems included poor payroll preparation, inadequate payroll procedures, and weaknesses in payroll system training, computer processing, organizing the city's Youth Services Agency, and distributing checks.

We noted that the city was aware of the problems in the 1975 program and took measures to make certain they did not recur. As a result of these actions, we believe New York City was better prepared to manage the 1976 summer youth program than it was in 1975. Comments furnished by New York City gave evidence of improved program administration in 1976.

6. Letter report to Senator Thomas F. Eagleton, Chairman
Subcommittee on the District of Columbia
Senate Committee on Governmental Affairs
B-118638, GGD-77-16, February 15, 1977

This report contained information, obtained at Senator Eagleton's request, about youths being paid for participating in the Cardozo High School summer band program in 1975, operated by the District of Columbia Government as part of the CETA title III summer youth employment program. We pursued whether the act authorized this type of activity--a high school

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band project--to be funded and examined into the eligibility of all the youths who participated in the band program in 1975.

The act and implementing regulations provide broad descriptions of the kinds of activities that may be funded including part-time employment, on-the-job training, useful work experience, and jobs, including those in recreation and related programs. The act's legislative history shows that these broad descriptions were intentional because the Congress believed a set list of eligible programs might inhibit program sponsors from developing new programs which serve the act's purposes.

In response to our inquiry concerning the band's eligibility for CETA funding, Labor's Associate Regional Administrator for Area II Operations told us on June 28, 1976, that the program did not comply with Labor's implementing regulations because these regulations do not include authorization for cultural enrichment programs.

On July 6, 1976, the District's City Administrator requested permission to implement special programs geared to the cultural and entertainment fields. On July 28, 1976, Labor's Regional Administrator told us that after further review of the District's program material, a modification to the 1976 summer program plan was approved. The modification specifically authorized the CarCozo band project and stated that the project would provide skill training and work experience to the participants. Other culturally oriented programs in the District, which were also approved as eligible, included singing and dancing groups that received funding under the summer youth employment program. The official told us on October 5, 1976, that the band program in 1975 met the requirements of the act's regulations. The act does not specifically prohibit funding such programs.

In examining into the eligibility of youths who participated in the band program, we found that the District Government's Department of Manpower was responsible for certifying whether the youths were economically disadvantaged as defined by Labor regulations and Office of Management and Budget criteria and for maintaining the certification files. Department of Manpower officials said that they required each youth to complete a job application form showing family size and family income. This form was to be signed by a parent, and those youths whose family incomes were below the poverty level criteria were certified as economically disadvantaged. Department of Manpower officials told us the family size and income shown on the application were not verified and were used as the basis for certifying youths for CETA programs. A certification form is prepared for the youth's use to show a prospective employer that he is eligible for the program.

Although 74 youths had been certified as economically disadvantaged and eligible for the Cardozo project, applications for 55 of the 74 youths were not available for us to verify the validity of certification. District officials had no idea where the applications were. For the 19 youths whose applications were available, the data supported 16 certifications. The applications for the remaining three youths showed that annual family income exceeded the poverty level criteria by \$234, \$1,612 and \$1,924, respectively.

We recommended that Labor recover from the District the amounts paid to the ineligible participants. Also, Labor should determine the eligibility of the 55 youths who participated in the program but whose records were not available and recover from the District any payments made to ineligible youths. Labor is now attempting to determine the eligibility of the youths.

D. MANAGEMENT AND OPERATIONAL WEAKNESSES

Problems in Pennsylvania

In addition to the problems described above in issued GAO reports, we noted other management and operational weaknesses through a survey of five Pennsylvania prime sponsors' 1975 and 1976 summer youth employment programs operated under titles I and III of CETA. These prime sponsors were the cities of Philadelphia and Scranton and the counties of Chester, Lackawanna, and Luzerne.

We noted problems regarding ineligible participants, inadequate application forms and incomplete applications. Details of these matters follow.

Non-economically disadvantaged youth hired

Philadelphia, Scranton, and Lackawanna County operated both title I ^{1/} and title III summer youth programs in 1975 and 1976. Regardless of which title funded the programs, there were no essential differences in operation: both provided work experience short-term jobs of the same kinds and in some instances participants in each program worked side by side; the same prime sponsor administrative structure operated both programs; both followed the same payroll procedures. Further, although application forms differed among sponsors, each sponsor used the same application form for both its title I and title III programs with the exception of Scranton which used two different application forms interchangeably for both programs. However, the eligibility criteria for each program is different.

^{1/} Prime sponsors may also fund summer employment programs for youth as well as other target groups with title I funds. These programs do not necessarily have to be for economically disadvantaged persons.

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CETA title III eligibility criteria specify that only economically disadvantaged youth can participate in summer youth employment programs funded under that title. For the 1975 program, we examined eligibility by randomly sampling participant files. The results follow.

--In Philadelphia, of 47 complete title III participant files reviewed, three non-economically disadvantaged youth were paid with title III funds.

--In Lackawanna County, of 16 complete title III files reviewed, one participant was found to be ineligible.

--In Scranton, of 22 title III enrollee files reviewed, we could not determine whether seven of these enrollees were eligible because of incomplete or conflicting information.

We found that some ineligibility problems continued for the 1976 title III program. Based on the limited tests we found that

--In Philadelphia, of 487 files reviewed, 13 program participants were not economically disadvantaged.

--In Lackawanna County, of 71 files reviewed, 6 participants were not economically disadvantaged.

--In Scranton, a 10 percent test showed all participants eligible for the 1976 program.

While participants for the title III program must be economically disadvantaged to participate, title I eligibility criteria is much broader. This criteria provides that participants must be unemployed, underemployed or economically disadvantaged. To be classified as unemployed, an applicant must only be out of work for one week prior to applying for title I program participation. Most summer program participants are students and, according to Labor's regulations, are classified as unemployed if they have been out of school for one week before applying for program participation.

CETA title I provides, in part, that employment services be provided, to the maximum extent feasible, to those most in need of them. Before the start of the 1975 summer youth program, Labor Philadelphia Region officials encouraged prime sponsors to provide priority consideration in their non-title III programs to economically disadvantaged youth and hoped that no economically disadvantaged student would be denied a job because job slots were designated for the nondisadvantaged.

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We made a limited review of the title I program files to see whether non-economically disadvantaged youths were hired by the program. We found that some were, as shown below. Philadelphia and Scranton hired non-disadvantaged youth in 1975 even though disadvantaged youth had applied but were not hired.

--In Philadelphia, eight participants in the 1975 program reported family incomes ranging from \$20,000 to \$27,000. We found no indication of this situation for the 1976 program.

--In Scranton 2 of the 11 participant files reviewed for the 1975 program showed family income of \$12,000 and \$18,000, respectively. For the 1976 program, of the 300 participants, Scranton hired 46 youth who reported family incomes ranging from \$20,000 to \$50,000.

In addition, adequate procedures had not been established by Scranton and Lackawanna County to assure that participants most in need were hired before others less needy, although a Lackawanna County official told us that a priority system based on need was to be used in 1977.

The Congress authorized in CETA title III a summer employment program for economically disadvantaged youth. We found nothing technically wrong with prime sponsors hiring non-economically disadvantaged youth under title I. However, it appears that hiring non-disadvantaged youth to the extent that disadvantaged youth are not hired under title I may result in not achieving the intent of CETA to serve those most in need to the maximum extent feasible. This potential problem should be closely monitored by the Department.

Inadequate application forms

The prime sponsors we visited used their own application forms for enrolling youths in the 1975 summer employment programs without definitive guidelines from Labor on the kinds of client information which should be obtained. Philadelphia, Scranton, and Lackawanna County (which operated both title I and title III summer programs) and Chester County and Luzerne County (which operated only title III summer programs) used different types of forms (Scranton used two different forms, but program officials could not explain why). The six different forms also required different information and in one case did not require sufficient information for determining eligibility and completing the Quarterly Summary of Participation Characteristics for the Summer Program. This summary is required by Labor to show the number and characteristics of youth served during the summer program.

The specific problems we noted concerning the design of the 1975 application forms used were:

- one form did not require the applicant to indicate family size or income, needed to determine title III eligibility, or certain personal characteristics such as ethnic group, needed to complete Labor's required report of participant characteristics;
- another form requested the applicant to indicate his/her voting address and to obtain the signatures of various political officials which could lead to allegations of political patronage or discrimination and favoritism in CETA hiring;
- while requiring the signature of the head of household or the applicant, five forms did not contain a penalty statement for false or misleading information; and
- only one of the six forms required information on whether a member of the applicant's family was employed by the sponsor, information needed to adequately administer Labor's regulations against nepotism in hiring.

While all but Lackawanna County verified whether an applicant's family was receiving cash welfare payments, only Chester County attempted to verify reported family income for the 1975 summer program.

We noted that the deficient application forms were somewhat improved for the 1976 summer program. While there was no standard application form used, the forms did require the applicant's family size and income and did provide for pertinent personal characteristics. The voting address and political signature portions were not included on the form which provided for them in 1975. Scranton used only one application form in 1976.

However, only Scranton attempted to verify reported family income by requiring documentation such as tax withholding statements to be submitted as support. Chester County spot checked applications, but did not require documentation to be submitted. A penalty clause for false or misleading statements was included on only two forms. Four of the five forms used still did not require information necessary to ascertain whether a member of the applicant's family was employed by the sponsor.

Labor should provide written guidance to prime sponsors on specific items of information to be included on application forms used for summer youth employment programs so that proper determinations of eligibility can be made, a penalty for false or misleading information is provided, client characteristics needed to complete the program report can be accumulated and compliance with Labor regulations concerning nepotism and political discrimination in hiring can be achieved.

Incomplete applications

Labor regulations require that only eligible persons are to participate in the title III summer youth program. Our random samples of 1975 title III summer program enrollee files showed that at three prime sponsors, some applications were incomplete so that determinations of eligibility could not be made.

For example, in Philadelphia we randomly selected 100 enrollees of the 10,440 persons enrolled in the titles I and III summer programs. In order to attempt determining eligibility in 100 cases, we had to select 143 enrollees because of incomplete and missing files. Of the 143, 65 were title III enrollees. No files were available on 18 of the 65. In 3 of the 47 available files, the applications were incomplete as to family size or income so that determinations of eligibility for the title III program could not be made.

As another example, in Scranton we randomly selected 50 of 430 enrollees in the titles I and III summer programs. Of the 50, 22 were title III enrollees. Scranton used two different applications, both of which we found in 5 of the 22 cases; in 4 of the 5 cases, the income and/or family size indicated did not match on the two forms and some eligibility data was missing because one form did not require it. In 3 of the remaining 17 cases where one form was used, eligibility data was incomplete so that determinations of eligibility for the title III program could not be made.

We made limited tests of enrollees files for the 1976 title III summer program in Philadelphia, Scranton and Lackawanna County which showed that while some applications continued to be incomplete, determinations of eligibility could be made from other information in the files. If this information became misplaced, however, the eligibility of some participants could not be determined from the applications.

Labor should insure that prime sponsors (1) hire in their title III summer youth employment programs only those persons who are determined to be eligible based on adequately completed applications and (2) maintain appropriate files on all summer

program participants.

Recommendations

We recommend that the Secretary of Labor

--Provide written guidance to prime sponsors on the application forms to be used in their summer youth employment programs so that all forms will:

- permit proper determinations of applicant eligibility,
- provide all personal characteristics data needed to complete the required Labor summer program report,
- collect information necessary to permit determinations of compliance with Labor regulations concerning nepotism and political discrimination in hiring,
- require certification by the head of the applicant's household to the information shown, and
- provide penalties for false, misleading, and/or incomplete statements.

--Insure that prime sponsors

- hire in their title III summer youth employment programs only those persons who are determined to be eligible based on adequately completed applications, and
- maintain appropriate files on all summer program participants.

Labor audits

Labor's fiscal audits of summer youth programs have also disclosed similar problems. The following list of Labor audits made during calendar years 1974-1976, which were limited to or included summer youth programs, shows the name of the prime sponsor and the findings noted in the audit reports. The finding caption "cost allocation plan needed" refers to the absence of a method to equitably allocate the sponsor's administrative costs between programs and applies to audits covering other CETA programs as well as the title III summer program.

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<u>Prime sponsor</u>	<u>Findings</u>		
	<u>Ineligible participants</u>	<u>Poor payroll procedures</u>	<u>Cost allocation plan needed</u>
Galveston County, TX	x		
Tarrant County, TX			x
Gary, IN	x		
Waterbury, CN			x
Larimer County, CO			x
St. Joseph County, IN	x	x	
City and County of Denver, CO			x
Charlotte, NC	x		
Wichita, KS	x		
New York City Connecticut (balance of State)			x
Waco, TX			x
Central Texas Manpower Consortium			x
Volusia County, FL	x		x
Essex County, NJ			x
San Juan, Puerto Rico			x
New Orleans, LA	x		
St. Charles, MO			x
Monmouth County, NJ			x
Hartford, CN	x		x
Luzerne County, PA	x		
Lincoln, NB	x		
Ann Arbor, MI	x		
Scranton, PA	x		